

HOUSE BILL 1339

C2

0lr1880

By: **Delegate Glenn**

Introduced and read first time: February 18, 2010

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Business Regulation – Restaurants – Prohibition on Automatic Gratuity**

3 FOR the purpose of prohibiting a restaurant from including an automatic gratuity on
4 a restaurant invoice; establishing certain penalties for a violation of this Act;
5 establishing that each invoice that includes an automatic gratuity in violation of
6 this Act is a separate offense; requiring the Division of Consumer Protection of
7 the Office of the Attorney General to enforce this Act; providing a certain
8 exception for large parties; clarifying a certain scope provision; defining a
9 certain term; and generally relating to the prohibition against including an
10 automatic gratuity on a restaurant invoice.

11 BY repealing and reenacting, with amendments,
12 Article – Business Regulation
13 Section 17–1602
14 Annotated Code of Maryland
15 (2004 Replacement Volume and 2009 Supplement)

16 BY adding to
17 Article – Business Regulation
18 Section 17–1605
19 Annotated Code of Maryland
20 (2004 Replacement Volume and 2009 Supplement)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
22 MARYLAND, That the Laws of Maryland read as follows:

23 **Article – Business Regulation**

24 17–1602.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 [This] THE PROVISIONS OF §§ 17-1603 AND 17-1604 OF THIS subtitle
2 [does] DO not apply in Montgomery County.

3 **17-1605.**

4 (A) IN THIS SECTION, "AUTOMATIC GRATUITY" MEANS A MONETARY
5 SUM THAT IS INCLUDED ON AN INVOICE BY A RESTAURANT IN ADDITION TO THE
6 CHARGE FOR A MEAL, DRINK, OR OTHER PRODUCT PROVIDED BY THE
7 RESTAURANT AND IS GIVEN TO THE FOOD SERVICE STAFF IN RECOGNITION OF
8 SERVICES PERFORMED.

9 (B) A RESTAURANT MAY NOT INCLUDE AN AUTOMATIC GRATUITY ON A
10 RESTAURANT INVOICE FOR PARTIES OF FEWER THAN 10 INDIVIDUALS.

11 (C) A RESTAURANT THAT VIOLATES SUBSECTION (B) OF THIS SECTION
12 IS SUBJECT TO THE FOLLOWING:

13 (1) FOR A FIRST OFFENSE, A WARNING;

14 (2) FOR A SECOND OFFENSE, A CIVIL PENALTY NOT TO EXCEED
15 \$500; AND

16 (3) FOR A THIRD OR SUBSEQUENT OFFENSE, A CIVIL PENALTY
17 NOT TO EXCEED \$5,000.

18 (D) EACH INVOICE ON WHICH AN AUTOMATIC GRATUITY IS INCLUDED IN
19 VIOLATION OF THIS SECTION IS A SEPARATE OFFENSE.

20 (E) THE DIVISION OF CONSUMER PROTECTION OF THE OFFICE OF THE
21 ATTORNEY GENERAL SHALL ENFORCE THIS SECTION.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 October 1, 2010.